

ONE
Minute Brief

5 March 2019

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Economic and political news

Public Enterprises Minister, Pravin Gordhan, has appointed a team of 11 industry experts to investigate failures at power company, Eskom's coal-fired stations and to conduct a rapid review of operations and maintenance at its power plants.

A senior official at Eskom's treasury department, Sincedile Shweni, revealed that Eskom deliberately misled the South African Reserve Bank (SARB) to approve a deal to conclude a ZAR25bn loan agreement with China's Huarong Energy Africa.

The Central Energy Fund announced that petrol price will rise 5.0% to ZAR14.82 per litre from tomorrow, while diesel will increase around 7.0% to ZAR14.05 per litre.

The Public Servants Association has called for immediate action against Deputy Finance Minister, Mondli Gungubele, citing allegations that he misled the Public Investment Corporation (PIC) commission of inquiry.

Key indices

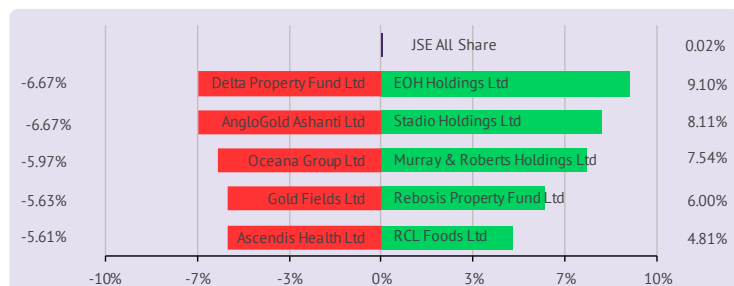
	As at 04 March 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56217.13	▲	14.02	0.02	0.02	0.38	3.41	6.60
JSE Top 40 (ZAR)	49895.02	▲	53.75	0.11	0.11	0.46	3.57	6.78
FTSE 100 (GBP)	7134.39	▲	27.66	0.39	0.39	0.84	1.52	6.04
DAX 30 (EUR)	11592.66	▼	-9.02	-0.08	-0.08	0.67	3.07	9.79
CAC 40 (EUR)	5286.57	▲	21.38	0.41	0.41	0.88	4.96	11.75
S&P 500 (USD)	2792.81	▼	-10.88	-0.39	-0.39	0.30	2.97	11.41
Nasdaq Composite (USD)	7577.57	▼	-17.79	-0.23	-0.23	0.60	3.44	14.20
DJIA (USD)	25819.65	▼	-206.67	-0.79	-0.79	-0.37	3.67	10.68
MSCI Emerging Markets (USD)	1053.62	▲	2.08	0.20	0.20	0.25	0.10	9.08
MSCI Developed World (USD)	2090.40	▼	-5.95	-0.28	-0.28	0.22	2.83	10.96

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial sector stocks. The JSE All Share Index marginally rose to close at 56,217.13.

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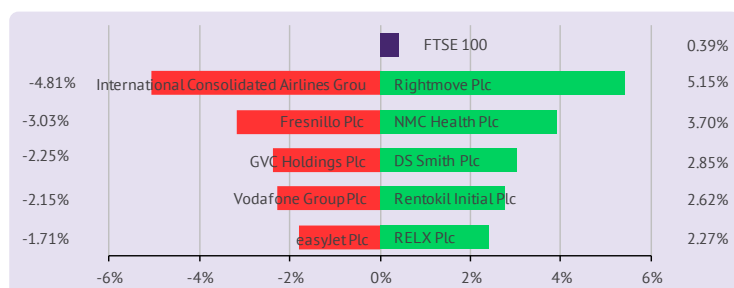


UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid growing optimism over US-China trade deal. Data indicated that UK's Markit construction PMI fell more-than-expected in February. The FTSE 100 Index advanced 0.4% to close at 7,134.39.

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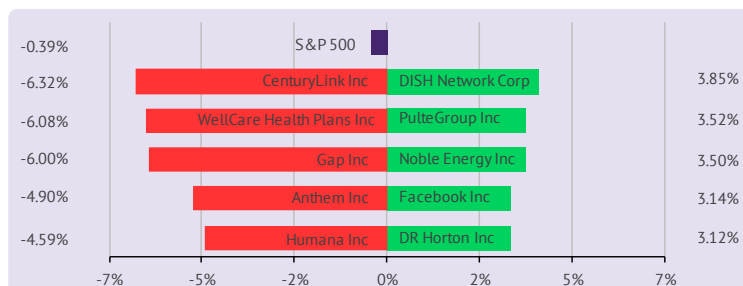


US Market ▼

The S&P 500 futures are trading in the red

US markets closed lower yesterday, following disappointing US construction spending data and amid caution over US-China trade deal. Data revealed that the US monthly construction spending unexpectedly dropped in December. The S&P 500 Index dropped 0.4% to close at 2,792.81.

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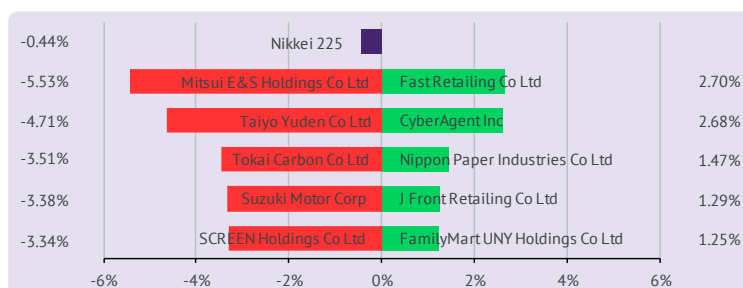


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. Data showed that Japan's Nikkei services PMI advanced in February. The Nikkei 225 Index is trading 0.4% lower at 21,725.41.

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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.2032. Later today, traders will keep a close watch on the US Markit services PMI, home sales data and monthly budget statement for further indication.

The US Dollar rose against the South African Rand yesterday, amid reports that the US and China would sign a trade deal by the end of the month. On the data front, the US construction spending registered an unexpected decline on a monthly basis in December.

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GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R18.6846. Ahead in the day, traders will keep an eye on the UK's Markit services PMI for further cues. Data revealed that UK's BRC like-for-like sales unexpectedly fell on a yearly basis in February.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit construction PMI dropped more than market expectations in February, recording its first decline in 11 months.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.3% against the South African Rand to trade at R16.0892. Going forward, market participants will keep a tab on the Eurozone's retail sales along with the Markit services PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's produce price index (PPI) climbed more than market forecast on an annual basis in January. Additionally, the Sentix investor confidence index recorded a more-than-anticipated advance in March.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% lower against the South African Rand at R10.0466. Earlier in the session, Australia's AiG performance of service index jumped in February. Additionally, the ANZ Roy Morgan weekly consumer confidence index advanced in the week ended 3 March 2019. Moreover, current account deficit narrowed more than market forecast in 4Q18. Meanwhile, the nation's CBA services PMI declined in February. Elsewhere, in China, Australia's largest trading partner, the Caixin services PMI fell more than market expectations in February, hitting its lowest level in four months.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.2032	▼	0.004	0.004	1.03	6.27	-0.81
GBPZAR	18.6846	▼	-0.25	-0.25	0.35	7.50	2.31
EURZAR	16.0892	▼	-0.23	-0.23	0.75	5.58	-1.95
AUDZAR	10.0466	▼	0.21	0.21	1.01	3.66	-0.30
EURUSD	1.1327	▼	-0.22	-0.22	-0.27	-0.67	-1.11
GBPUSD	1.3154	▼	-0.17	-0.17	-0.63	1.17	3.34
Brent (\$/barrel)	65.4	▼	0.92	0.92	-0.97	8.99	22.06
Gold (\$/oz)	1289.7	▲	-0.90	-0.90	-2.17	-0.27	0.48
Platinum (\$/oz)	842.8	▲	-2.87	-2.87	-4.15	6.12	5.40
Copper (\$/MT)*	6462.0	▼	-0.97	-0.97	-1.43	6.57	8.62

*As of previous close, #As on 06:00 SAST

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,289.70/oz.

Yesterday, gold prices fell 0.9% to close at \$1,287.50/oz, as strength in the US Dollar dented demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.5% to trade at \$65.37/bl, amid weak demand growth outlook.

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Yesterday, Brent crude oil advanced 0.9% to settle at \$65.67/bl, as Organisation of the Petroleum Exporting Countries and other oil producers continued with their crude production cuts.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.5% to trade at \$842.80/oz.

Yesterday, platinum prices declined 2.9% to close at \$838.90/oz.

Major South African corporate news

Bidvest Group Limited

In its 1H19 results, the company announced that its revenues advanced 0.2% to ZAR40.00bn, from ZAR39.91bn posted in the same period of the preceding year. Its diluted EPS stood at 657.50c, down from 557.10c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 282.00c per share. Separately, the company announced the appointment of Mpumi Madisa as its Chief Executive Officer.

Delta Property Fund Limited

In its FY19 trading statement, the company indicated that it expects distributable income to be between ZAR525.50mn and ZAR560.00mn, which is 19.0% to 24.0% lower compared to the same period of the previous year.

Capitec Bank Holdings Limited

In its FY19 trading statement, the company indicated that it expects HEPS to be between 4,514.00c and 4,630.00c, which is 17.0% to 20.0% higher compared to the same period of the previous year. Further, the company expects EPS to be in the range of 4,510.00c to 4,626.00c, reflecting an increase between 17.0% to 20.0% compared to the corresponding period of the prior year.

RCL Foods Limited

In its 1H19 results, the company announced that its revenues increased to ZAR13.27bn, compared to ZAR12.82bn posted in the corresponding period of the previous year. Its diluted EPS fell to 65.60c, compared to 75.60c recorded in the same period of the prior year. The company has declared an interim gross cash dividend of 15.00c per share.

Major global economic news

Asia

The Reserve Bank of Australia kept its interest rate steady at 1.5%.

In Australia, the AIG performance of services index registered a rise to 44.50 in February, compared to a reading of 44.30 in the previous month.

In Australia, seasonally adjusted current account deficit narrowed more-than-expected to AUD7.20bn in 4Q18, following a revised deficit of AUD10.80bn in the prior quarter.

In Australia, the CBA services PMI dropped to a level of 48.70 in February, compared to a reading of 49.30 in the previous month.

In Australia, the ANZ Roy Morgan weekly consumer confidence index rose to 114.80 in the week ended 3 March 2019, compared to a level of 114.10 in the prior week.

In Japan, the Nikkei services PMI climbed to 52.30 in February. In the previous month, the Nikkei services PMI had registered a reading of 51.60.

In China, the Markit services PMI index fell more-than-anticipated to 51.10 in February, compared to a reading of 53.60 in the previous month.

UK

In the UK, the Markit construction PMI eased to 49.50 in February, more than market forecast and compared to a reading of 50.60 in the prior month.

In the UK, the BRC retail sales across all sectors unexpectedly dropped 0.1% on a yearly basis in February. The BRC retail sales across all sectors had risen 1.8% in the prior month.

Eurozone

In the Eurozone, the PPI registered a rise of 3.0% on an annual basis in January, more than market expectations. In the prior month, the PPI had registered a similar rise.

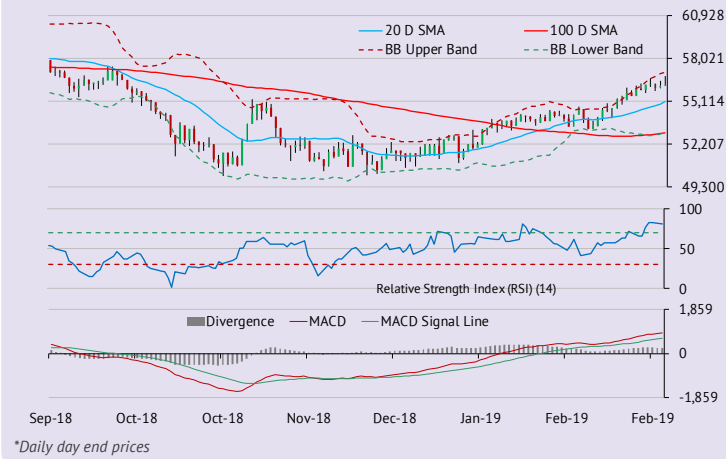
In March, the Sentix investor confidence index climbed more-than-expected to -2.20 in the Eurozone, compared to a level of -3.70 in the prior month.

US

In the US, construction spending unexpectedly fell 0.6% on a monthly basis in December, compared to an advance of 0.8% in the previous month.

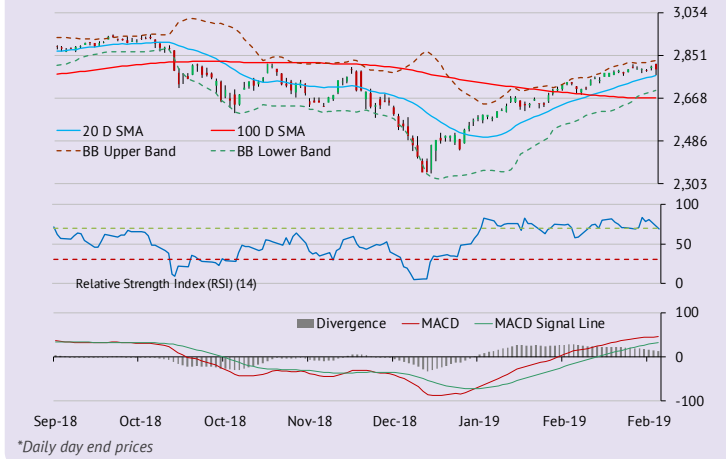
Technical snapshot

JSE All Share



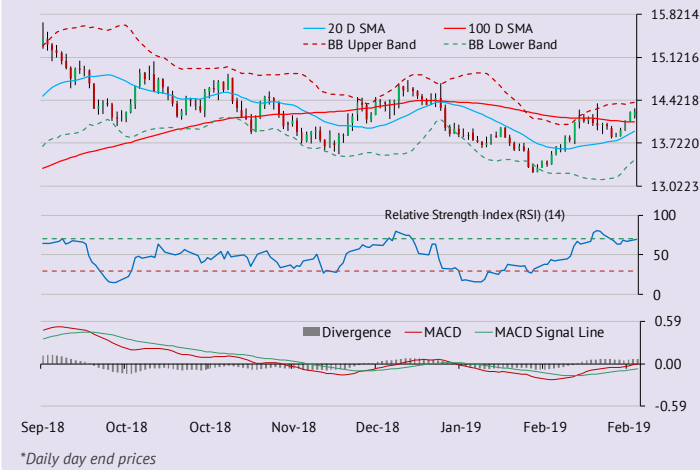
The JSE All Share index is expected to find support at 55,634.29, and a fall through could take it to the next support level of 55,051.44. The index is expected to find its first resistance at 56,823.55, and a rise through could take it to the next resistance level of 57,429.96.

S&P 500



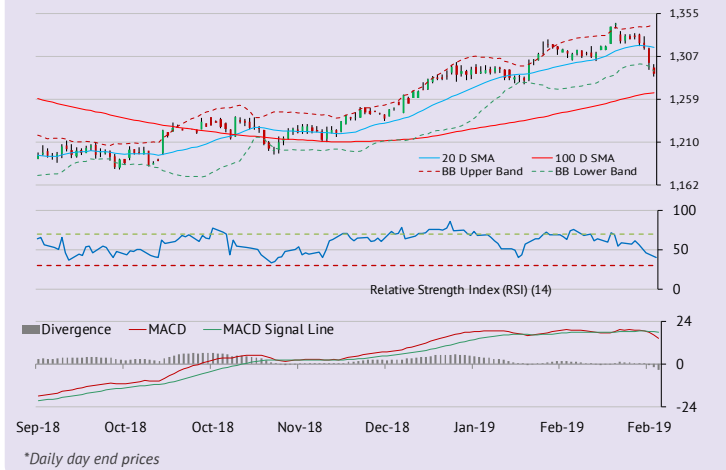
The S&P 500 index is expected to find support at 2,768.02, and a fall through could take it to the next support level of 2,743.23. The index is expected to find its first resistance at 2,817.24, and a rise through could take it to the next resistance level of 2,841.67.

USD ZAR



The pair is expected to find support at 13.9389, and a fall through could take it to the next support level of 13.6477. The pair is expected to find its first resistance at 14.4042, and a rise through could take it to the next resistance level of 14.5783.

XAU USD



Gold is expected to find support at \$1,270.07/oz, and a fall through could take it to the next support level of \$1,252.63/oz. The precious metal is expected to find its first resistance at \$1,318.67/oz, and a rise through could take it to the next resistance level of \$1,349.83/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	02:01	BRC Sales Like-For-Like (YoY) (Feb)	✓✓✓	-0.10%*	1.80%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Feb)	✓✓	52.30*	51.60	Monthly
China	03:45	Caixin/Markit Services PMI (Feb)	✓✓✓	51.10*	53.60	Monthly
Germany	10:55	Markit Services PMI (Feb) (F)	✓✓✓	55.10	55.10**	Monthly
UK	11:00	New Car Registrations (YoY) (Feb)	✓	-	-1.60%	Monthly
Eurozone	11:00	Markit Composite PMI (Feb) (F)	✓✓✓	51.40	51.40**	Monthly
Eurozone	11:00	Markit Services PMI (Feb) (F)	✓✓✓	52.30	52.30**	Monthly
UK	11:30	Official Reserves (Changes) (Feb)	✓✓	-	USD1535.00mn	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q4)	✓✓	1.20%	2.20%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q4)	✓	0.60%	1.10%	Quarterly
UK	11:30	Financial Policy Committee minutes from Feb. 26 meeting	✓	-	-	As scheduled
UK	11:30	Markit Services PMI (Feb)	✓✓✓	49.90	50.10	Monthly
Eurozone	12:00	Retail Sales (MoM) (Jan)	✓✓✓	1.30%	-1.60%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Jan)	✓✓✓	2.10%	0.80%	Monthly
US	15:55	Redbook Index (YoY) (25-Feb)	✓	-	5.20%	Weekly
US	15:55	Redbook Index s.a. (MoM) (25-Feb)	✓	-	-1.40%	Weekly
US	16:30	Fed's Kashkari Testifies Before Minnesota Senate Finance Panel	✓	-	-	As scheduled
US	16:45	Markit Composite PMI (Feb) (F)	✓✓✓	-	55.80**	Monthly
US	16:45	Markit Services PMI (Feb) (F)	✓✓✓	56.20	56.20**	Monthly
US	17:00	New Home Sales (Dec)	✓✓✓	600.00K	657.00K	Monthly
US	17:00	New Home Sales (MoM) (Dec)	✓✓✓	-8.70%	16.90%	Monthly
US	17:00	ISM Non-Manufacturing PMI (Feb)	✓✓✓	57.40	56.70	Monthly
UK	17:35	BoE Governor Mark Carney Testifies to House of Lords	✓✓✓	-	-	As scheduled
US	18:30	Fed's Barkin Speaks at the Rural Economy	✓	-	-	As scheduled
US	21:00	Monthly Budget Statement (Jan)	✓✓✓	USD12.00bn	-USD13.50bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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